

STATE OF SOUTH CAROLINA

(Caption of Case)

Application of Goat Island Water &
Sewer Co., Inc. for an Increase
in its Rates and Charges for the
provision of Water and Sewer Services
and Approval of Management Agreement

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2008 - 142 - W/S

(Please type or print)

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DOCKETING INFORMATION (Check all that apply)

- ☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously
- ☒ Other: Routine

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit of Publication	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigator
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certification of Mailing	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input checked="" type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input checked="" type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

**DIRECT TESTIMONY OF
TIMOTHY P. OLIVER
GOAT ISLAND WATER & SEWER**

August 19, 2008

PSCSC Docket No. 2008-142-W/S

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION
WITH GOAT ISLAND WATER & SEWER CO., INC, ("GOAT ISLAND" OR
"COMPANY").**

A. My name is Timothy Oliver and my business address is 2039 Lake Marion
Shores Road, Summerton, South Carolina. I am the Owner, Operator and
President of Goat Island.

**Q. WHAT IS YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE
WITH GOAT ISLAND?**

A. I received my Associate's Degree from North Carolina State University in 1980.
I am an Irrigation Contractor, licensed by the National Irrigation Association. I
am a former board member of the Carolina's Irrigation Association. I have
operated Professional Irrigation Co. since 1986. My work with Professional
Irrigation primarily consists of commercial and "large turf" area jobs, such as,
middle school, high school and college sport's fields. This Commission
approved my ownership of Goat Island Water and Sewer Company,
Incorporated, in 2006. Subsequently, in 2007, this Commission approved my
Ownership of Sigfield Water Company, Incorporated. Finally, later in 2007, this
Commission approved a consolidation of six systems under the rubric of Goat
Island Water & Sewer Co., Inc. Since the age of 15, I have worked in the family
business of providing water through a community water system. I worked with,
and assisted my father, on an almost weekly basis in assisting with the
operation on his water system. Specifically, I became skilled in water
operations and water system maintenance, including, water pumps and the
repair of the same.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to support the Application filed with this
commission on behalf of Goat Island.

Q. DOES GOAT ISLAND OPERATE MULTIPLE BUSINESS DIVISIONS?

A. Yes. This commission approved Goat Island's operation of multiple business divisions in Docket No. 2007-234-W/S (Also see, Docket No. 2007- 107-W). All business divisions operate under the rubric of Goat Island.

Q. WHAT SYSTEMS ARE OWNED AND OPERATED BY GOAT ISLAND?

A. Wyboo Water Department, Sigfield Water Company, Inc., E & R Partnership (Lake Marion Shores), E & R Partnership (Gin Pond), Haynesworth Mill and Goat Island Water & Sewer Co., Inc.

Q. WHEN WAS THE LAST GENERAL RATE INCREASE FOR EACH OF THESE SYSTEMS?

A. Wyboo Water Department (1989), Sigfield Water Company, Inc. (1997), E & R Partnership (Lake Marion Shores) (1997), E & R Partnership (Gin Pond) (1997), Haynesworth Mill (N/A) and Goat Island Water & Sewer Co., Inc. (1999). See Docket No. 2007-234-W/S, Order No. 2007-655 issued on September 26, 2007 (Also see, Docket No. 2007- 107-W) concerning the conforming of rates for Wyboo and Haynesworth Mill.

Q. WHY IS GOAT ISLAND REQUESTING RATE RELIEF AT THIS TIME?

A. The most recent rate increase for any of Goat Island's systems was 1997 and the oldest was in 1989. Expenses and costs have risen dramatically since that time frame. Goat Island will be unable to meet its financial obligations without rate relief and that will endanger its ability to continue to provide safe, reliable and efficient water and sewer utility services to its customers.

Q. PLEASE DISCUSS GOAT ISLAND'S EXPERIENCE AS TO THE COST OF UTILITY OPERATIONS SINCE THE LAST RATE INCREASE?

A. It has been eleven years since the latest rate relief for one of Goat Island's business divisions and as much as nineteen years for another. Since that time, the company has increased expenses of operation, and expenses such as the cost of gasoline have risen dramatically.

1 **Q. WHAT EFFECT WILL A RATE INCREASE HAVE ON GOAT ISLAND'S**
2 **PROFITABILITY?**

3 **A.** The rate increase is designed to allow Goat Island to raise its earnings to a
4 reasonable level. Since Goat Island has been under my ownership, we have
5 provided safe, reliable service to our water and sewer customers with only one
6 customer complaint being filed with this commission. The increased revenue
7 will allow Goat Island sufficient revenue to continue operating its systems in
8 compliance with all regulatory requirements. The increased revenue will allow
9 Goat Island an opportunity to earn a reasonable return on its investment, and
10 attract capital for future improvements.

11 **Q. ARE THE RATES AND CHARGES PROPOSED FAIR, REASONABLE, AND**
12 **NECESSARY IN ORDER FOR GOAT ISLAND TO CONTINUE TO PROVIDE**
13 **SAFE AND RELIABLE UTILITY SERVICES?**

14 **A.** Yes. The testimony and exhibits of our financial witness will show that Goat
15 Island requires additional revenue in order to continue to provide safe and
16 reliable service to its water and sewer customers. The rates requested are
17 reasonable, fair, responsible, non-discriminatory and justified in light of Goat
18 Island's customer's needs and Goat Island's requirements to meet those needs
19 and Goat Island's obligation to comply with the regulations of the South
20 Carolina Department of Health and Environmental Control, and other agencies
21 with regulatory jurisdiction over Goat Island.

22 **Q. PLEASE EXPLAIN THE RELATIONSHIP BETWEEN GOAT ISLAND AND**
23 **PROFESSIONAL IRRIGATION, INC.?**

24 **A.** Professional Irrigation is a separate company from Goat Island. Careful records
25 are maintained to remove the operations of this non-regulated entity from Goat
26 Island's operations.

27 **Q. HAS THERE BEEN AN APPROPRIATE ALLOCATION OF EXPENSES**
28 **BETWEEN GOAT ISLAND AND PROFESSIONAL IRRIGATION, INC.?**

29 **A.** Yes. Allocations are made where appropriate.
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- Q. DOES YOUR APPLICATION REQUEST THAT GOAT ISLAND’S INCREASE IN RATES AND CHARGES BE APPROVED IN PHASES?**
- A.** Yes. As set forth in our Application, we propose a phase one increase thirty days after the issuance of this Commission's order, with phase two being implemented over a five year time frame as Goat Island installs meters for each affected System.
- Q. DOES THE COMPANY HOLD VALID PERMITS FROM THE SOUTH CAROLINA DEPARTMENT OF HEATH AND ENVIRONMENTAL CONTROL TO OPERATE EACH OF ITS BUSINESS DIVISIONS? IF SO, PLEASE PROVIDE THE PERMIT NUMBER.**
- A.** Yes. Wyboo Water Department (**Permit #1450009**), Sigfield Water Company, Inc. (**Permit #1450006**), E & R Partnership (LMS) (**Permit #1450002**), E & R Partnership (Gin Pond) (**Permit #1450005**), Haynesworth Mill (**Permit #1450008**) and Goat Island Water & Sewer Co., Inc. (**Permit #1450012**).
- Q. DOES GOAT ISLAND’S APPLICATION ALSO SEEK APPROVAL OF A MANAGEMENT AGREEMENT FROM THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA?**
- A.** Yes. The Management Agreement, attached as an exhibit to the Application filed in this Docket, is fair and reasonable and should be approved by this Commission.
- Q. APPROXIMATELY HOW MANY CUSTOMERS DOES GOAT ISLAND SERVE AT THIS TIME?**
- A.** Goat Island currently has approximately six hundred and thirty customers.
- Q. DOES THAT CONCLUDE YOUR TESTIMONY?**
- A.** Yes.